

LEGAL PROTECTION OF WELL-KNOWN TRADEMARK RIGHTS IN CHINA

History, Current Situation and Challenge

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1 Introduction

The People's Republic of China¹ always attaches great importance to IPR protection, and the government regards the protection of intellectual property as a reform and holds an opening-up policy and, treat it as an important part of the Chinese socialist legal system. From the beginning of 1980s, Chinese government has done a lot of work in legislation, law enforcement and international cooperation concerning IPR protection. Till now, China has made enormous progress and rapid development in this field, although the IPR protection system is still relatively weak comparing to developed countries.

In 1985, China starts to protect the well-known trademark in practice.² In recent years, Sino-US disputes over intellectual property protection have the trend to upgrade, and among these disputes, well-known trademark protection is an important cornerstone. Well-known trademark protection is not only related to a country's investment environment and international reputation, but related to the development of independent intellectual property rights of the country. Well-known trademark infringement is a kind of damage which is different from the traditional trademark infringement. In recent years in China, the protection of well-known trademark becomes particularly urgent and necessary under the threat of trade sanctions and market access losses from external pressure from the United States.³ This article based on China's well-known trademark protection legislation and judicial practice, to analyze the breakthrough of China's well-known trademark protection and limitations, and then probe into the well-known

¹ In this note, China, the People's Republic of China and P.R.C are used interchangeably.

² See An Qinghu, Well-Known Trademarks & China's System of Well-known Trademark Protection, 95 Trademark Rep. Page 705.

³ See Ruixue Ran, Well-known Trademark Protection in China: Before and After the TRIPs Amendments to China's Trademark Law, page 245.(2002, China falv express)

trademark protection in China in the future, and finally try to show some ideas to make appropriate recommendations of current well-known trademark system in China.

This note attempts to chronicle the evolution of China's IPR protection regime in the narrow context of well-known trademark. Chapter 2 offers a brief overview of the history of China's protection of well-known trademark. Chapter 3 points out China's current situation in protecting well-known trademark. Chapter 4 shows some challenges of well-known trademark protection system in China. Chapter 5 compared the well-known trademark protection systems in the USA, the Europe and in the Asia. Chapter 6 puts forward a few influential Chinese well-known trademark cases. Finally, Chapter 7 tried to propose some of ideas or suggestions for China's next round of amendments to the Trademark Law and bring forward some countermeasures for these challenges.

2 Brief History of Well-known Trademark Rights Protection in China

The concept and practice of trademark have a long history in China. Some date the first recorded Chinese trademark at approximately 2698 B.C.⁴, while others trace the emergence of the concept of trademark in China to the Bei Zhou Dynasty, which ruled China around 556-580 A.D.⁵. China's first trademark law was enacted in 1904 in the Qing Dynasty.⁶

However, well-known trademark protection was on the legislative agenda from 1985 in China. The 16 years between 1985 and 2001 saw rapid transformations in China's

⁴ See Ke Shao, Look at my sign!----Trademarks in China from Antiquity to the Early Modern Times, page 654. (Renmin Express, 2005)

⁵ See Wong. Intellectual Property Protection in China. (Shuyuan Express, 2003) , page 940

⁶ See Ruixue Ran, supra note 6, page 232.

trademark law. China became a signatory to the "Paris Convention"⁷, subjecting itself to the obligations of this international treaty regarding well-known trademarks.⁸

2.1 Overview of Well-known Trademark Protection System

The intellectual property system originated in Europe. The Great Britain, and France as pioneers, had attracted other countries to follow the IPR legal protection system. In 1883, in order to get a quick and easy solution to solve the problems of intellectual property rights in different countries and inter-protection issues, from France and Belgium, launched 11 countries, concluded the "Paris Convention".⁹

In the late 19th century, with the development of international trade, a number of trademarks which obtain a higher visibility, duplicate, fraudulent use of these high-profile brands to promote their products become increasingly serious acts of unfair competition. In 1911, in revising the "Paris Convention", in the Washington Diplomatic Conference, the French first proposed the special protection for the well-known trademark, but it was not adopted. In 1925, the Netherlands and other countries again raised the proposal to protect well-known trademark, and eventually in the "Paris Convention" added the protection of well-known trademark. Then well-known trademark registered in the same or similar goods is available on protection. In 1958, at the Lisbon Revision Conference, the following proposal for clarification was made:

"A trademark shall be considered as well-known, in the terms of the present article, if that mark has been used effectively in the country where protection is claimed or if it has

⁷ See Weiqiu Long, Intellectual Property in China, page 69. (China University of Political Science and Law Express, 2001), page 26.

⁸ See An Qinghu, *supra* note 24, page 708.

⁹ *Id.*, *supra* note 7, at 243.

been brought to the knowledge of the trade circles or of the public in general in such country by means of local foreign advertising or by any other means of publicity.”¹⁰

The “Paris Convention” Lisbon text strengthened well-known trademark owner’s right. But for the protection is limited, such as, the well-known trademark protection is limited to trademarks, in commodity categories is limited to the same or similar marks, and to cause confusion as a prerequisite.

To make up for “Paris Convention”, in 1994, signed “Agreement on Trade-Related Aspects of Intellectual Property Rights” (hereinafter referred to as “TRIPs Agreement” or “TRIPs”) ¹¹ to further strengthen the protection of well-known trademark. This agreement will not only extend the protection of well-known trademark to service marks on the distinction between registered and unregistered trademarks. The registered well-known trademark protection does not extend to the same or similar goods or services. This provision is not because of mistake of miss-purchasing consideration, but taking into account the well-known trademark in modern life has not only used to distinguish between the origin of goods, while for the recognition of the user’s identity and status, that person will be well-known trademark for non-similar goods and that may indicate a link, leading to the trademark owner’s interests may be damaged.

With the accelerating process of globalization, to further strengthen the protection of well-known trademark becomes top priority. In 1999, “Joint Resolution Concerning Provisions on the Protection of Well-known Trademarks” ¹² was adopted. It provides the basic principles of well-known trademark recognition.

Well-known trademark protection system, the original purpose of its setting-up is to prevent the misleading of consumer’s buying, taking into account the rights of well-

¹⁰ Actes de Lisbonne (1963), page 659.

¹¹ See “Agreement on Trade-Related Aspects of Intellectual Property Rights”

¹² See WIOP Doc.

known trademarks and interests of consumers. But when the well-known trademark protection extended to non-similar goods or services, and not to confuse the premise, its protection, the focus has shifted to the well-known trademark as the bearer of the goodwill and the recognition function of play. Avoid sources of public demand for goods related to the association, or dilute the mark's significantcy to reduce business reputation and the suppression of acts of unfair competition. To build a system to avoid "free ride" behavior is another important function of the well-known trademark system.

2.2 Overview of Well-known Trademark Protection System in China

After 1949, the Chinese Communist Party annulled the existing intellectual property laws.¹³ The new China under communist rule promulgated the Provisional Trademark Registration Regulations¹⁴ in 1950 and the Trademark Administration Measures in 1963¹⁵, but both of these standards were premised on the idea that indivial invention and innovation belonged to the collective community, which emphasized product quality associated with trademarks rather than rights of trademark owners.¹⁶ During the Cultural Revolution from 1966 to 1976, whatever the Chinese trademark regulatory regime had to offer was obliterated.¹⁷ Modern China's first trademark law did not emerge until two decades later in 1982.

2.2.1 History of Well-known Trademark Protection in China

¹³ See Weiqiu Long, *supra* note, page 65.

¹⁴ See Shang biao zhu ce zan xing tiao li <Provisional Trademark Registration Regulations>(promulgated by the State's Council,Aug. 28, 1950).

¹⁵ See Shang biao guan li tiao li <Trademark Administration Regulations> (promulgated by the State's Council and adopted by the National People's Congress on Apr. 10, 1963, effective Apr. 10, 1963).

¹⁶ See Trademark Sidel, Copyright, Trademark and Patent Law in the People's Republic of China, page 259. (1986,Renmin Express)

¹⁷ See *id.* Page 272.

In 1982, China promulgated the Trademark Law, but not relate to well-known trademark protection. In 1985, China accessed to "Paris Convention" to meet the protection of well-known trademark by Member States Obligations. With the constant deepening of China's reform and opening up, China's enterprises come to participate in the international market competition. To protect the well-known trademarks which have been registered by China's enterprises becomes urgent.

On 14th, August, 1996, the State Administration for Industry and Commerce (hereinafter referred to as "SAIC") issued a "well-known trademark recognition and management of the Interim Provisions" (hereinafter referred to as the "Interim Provisions"). It's the first time China defined well-known trademark in the form of legal documents. In this Provision, the meaning and the identified criteria were defined. In 2003, "SAIC" issued a "Rule of well-known trademark recognition and protection" .

With the popularity of the internet application and development of many domestic and foreign trademarks, especially well-known trademarks as domain names registered by others with bad faith, it triggered a large number of domain name disputes. In such cases, in July 2001, China's Supreme People's Court timely promulgated the "domain name on the cases involving computer networks, the law applicable to cases of civil disputes, the interpretation of a number of issues". It's the first time the People's Court clearly defined Domain Name Dispute Resolution.

In accordance with its obligations under the TRIPs Agreement, in October 2001, the National People's Congress of China amended and issued the New Trademark Law. It's the first time, from the legislative level, to introduce well-known trademark protection in China. The revised Trademark Law took effect on December 1, 2001. 10 days before China officially becomes a WTO member. Then, the Supreme People's Court promulgated "On the trial of civil disputes in cases of trademark law applicable to the interpretation of a number of issues", for reproduction, copying, translation of another well-known trademark.

Rapid legislative activities prompted more judicial interpretations to clarify issues that are vague or unspecified in the revised Trademark Law. There are four relatively judicial interpretations issued by the Supreme People's Court dealing with trademarks:

A . Judicial Interpretation on the Several Issues regarding Applicable Law of Adjudicating Trademark Civil Cases issued by the Supreme People's Court on October 12, 2002 and implemented on October 16, 2002.

B. Judicial Interpretation of the Relevant Issues regarding Applicable Law and Jurisdiction of Trademark Cases issued on December 25, 2001.

C. Judicial Interpretation on the Applicable Law of Pre-suit Preliminary Injunctions and Pre-suit Evidence Preservation regarding Trademark Cases issued on December 25, 2001.

D. Judicial Interpretation on Property Reservation regarding Registered Trademarks issued on November 22, 2000.

From 2001 to May 2007, the Chinese national court system handled 7200 cases involving trademark disputes, and there are more than 200 pieces of well-known trademark¹⁸. From 2001 to the end of 2006, the Beijing First Intermediate People's Court concluded a total of 20 cases concerning well-known marks involved in civil infringement, including: identify sixteen well-known trademarks, not identify for four well-known trademarks that for insufficient evidence.¹⁹

According to statistical data and the district court's briefing, the cases involving well-known trademark recognition has the following characteristics:

¹⁸ Available at <http://ipr.chinacourt.org/public>.

¹⁹ Available at <http://ipr.chinacourt.org/public>.

First, appeal rates relative to other types of cases are low. A lot of cases, the negative appearance of the defendant, for the plaintiff constitutes well-known trademarks have no objection, which to some extent, reflect some cases, the plaintiff, identified through the creation of action to achieve the purpose of recognition their trademark as well-known trademark.

Second, the district court found that the proportion of well-known trademarks is greatly different. In some areas the proportion is higher, reaching more than 80%, but lower in some other areas, such as Beijing less than 30%²⁰. This huge difference in the proportion can also be a certain extent to reflect the different courts have different recognition standards and scales in the well-known trademark cases.

In addition, cases involving well-known trademark recognition are mainly concentrated in some provinces and cities. A number of cases, the parties have purposeful selection of well-known trademark recognition scale to achieve the purpose of well-known trademark recognition.

With the government and enterprises mark the awakening of consciousness, exposing the excessive pursuit of the trend of well-known trademarks, so that the role of judicial determination of well-known trademarks occurs by means of right protection has evolved into corporate enterprises to win the honorary title of advertising. Faced with this situation, the Supreme People's Court in November 2006 issued a "Supreme People's Court on the establishment of judicial determination of well-known trademark filing system", which called for courts at all levels should conscientiously verify the identity of the accused and the authenticity of the act to prevent the deliberately created by the dispute parties to obtain the well-known trademarks recognition. And in Apr. 2009, the People's Supreme Court issued the "Supreme People's Court on the Court, involving the

²⁰ Available at <http://ipr.chinacourt.org/public>.

well-known trademark protection in cases of civil disputes in the interpretation of application of the law a number of issues” to face the new challenge.

2.2.2 Table for important developments in China

The following table charts the chronology of important developments in China's IP laws and regulations²¹:

Date	Laws & Regulations
Year 1950	China adopts the Provisional Trademark Registration Regulations.
Year 1963	China adopts the Trademark Administration Measures.
Year 1980	China becomes a member in the WIPO.
Year 1982	China adopts the Trademark Law.
Year 1984	China adopts the Patent Law.
Year 1985	China becomes a member of the Paris Convention.
Year 1986	China becomes signatory to the Madrid Agreement.
Year 1990	China adopts the Copyright Law.
Year 1992	Sino-U.S. Memorandum of Understanding on the Protection of IPR.
	Patent Law is amended.
	China becomes a signatory to the Berne Convention.
Year 1993	Trademark Law is amended.
	China adopts the Law Against Unfair Competition.
Year 1995	Sino-U.S. Agreement on IPR.
	Rules for Trademark Review and Adjudication
	China becomes a member of the Madrid Protocol.
Year 1996	China issues the Interim Provisions on the Determination and Administration of Well-Known Trademarks.
Year 1997	China amends the Criminal Law, including crimes against IPR.
Year 1999	China-U.S. Bilateral Agreement on WTO.

²¹ Jing ”Brad” Luo & Professor Shubha Ghosh ”Protection and Enforcement of Well-known Mark Rights in China”,
Page 16.

Year 2000	Patent Law is amended.
Year 2001	Trademark Law is amended.
	Copyright Law is amended.
	China joins the WTO.
Year 2002	Implementing Regulations on Trademark Law
Year 2003	Provisions on the Determination and Protection of Well-Known Trademarks
Year 2006 & 2007	China 's Action Plan on IPR Protection
Year 2008	Amendments to Patent Law are adopted
Year 2009	“Supreme People's Court on the Court, involving the well-known trademark protection in cases of civil disputes in the interpretation of application of the law a number of issues”

3 Current Situation of Well-known Trademark Rights Protection in China

China's current institutional structure has been established by a series of laws and regulations. This structure gives substantially more protection to well-known trademark than to those not considered legally well-known.²² Such protection extends to well-known trademark of foreign and Chinese origin. Owners of well-known trademarks are afforded a unique institutional structure to enforce their exclusive rights through administrative agencies or courts. Like other jurisdictions, China has struggled with finding a definitive and efficient way to define "well-known" so as to provide some measure of certainty for those entrusted with the task of determining whether certain trademarks are legally well-known.²³

²² See An Qinghu, *supra* note, page 471.

²³ Jing "Brad" Luo & Professor Shubha Ghosh "Protection and Enforcement of Well-known Mark Rights in China", Page 3.

3.1 China's Current Legal Protection System for Well-known Trademark

In the whole of China's well-known trademark legal protection system, "Interim Provisions" was first seen in August 1996 issued by the "SAIC". It belongs to the provision of lower rank departmental regulations. As China's increasing integration into world markets and accession to the World Trade Organization, China urgently need to strengthen the protection of well-known trademarks in order to reach the international level of protection requirements. Thus, in 2001, China promulgated New Trademark Law, in this formally to the use of the legal term of "well-known trademark", and greatly expanded the "Interim Provisions". For the legal structure of well-known trademark protection system in China, the main are:

3.1.1 Law

At this level, the laws for protection of well-known trademark are New Trademark Law and Anti-Unfair Competition Law. Article 13 and 41 of New Trademark Law give the trademark owner the exclusive right to the protect registered trademark. From the Article 13 of the Trademark Law, the special protection of well-known trademark has basically adopted the "TRIPs Agreement" protocol approach.²⁴ "The same or similar goods or services use the same or similar trademarks concerning well-known trademark, and the two trademarks could easily lead to confusion." Then we can use the prohibition of the trade mark registration. As for the well-known trademark in the non-similar goods or services of protection, the New Trademark Law, as the practice of trademark law to require well-known trademark to be registered, this makes the use of well-known trademark registration in everyone's interest. In article 13 of New Trademark Law, there're subtle differences between the "TRIPs Agreement", such as "TRIPs Agreement" does not expressly require the well-known trademark owner with a link existing between

²⁴ See Yahong Li, The Wolf Has Come: Are China's Intellectual Property Industries Prepared for the WTO? (CUPL Express, 2002), page 79.

the use of the same goods or services would be to suggest, and the use of the term "misleading the public". "TRIPs Agreement" includes a kind of "to suggest that the goods or services with well-known existence of a link between the trademark owner". This kind of misleading results may also refer to misleading the public, so that the illegal use of the well-known trademark goods or services produced from the well-known trademark sense of trust and the feelings of misleading the public for that the kinds of goods or services are of high quality and satisfactory.

In 1993, the National People's Congress of China enacted the Anti-Unfair Competition Law. The acts of unfair competition as defined in Article 11 concerning "legal liability" provisions may be related with the well-known trademark disputes.

3.1.2 Administrative Rules and Regulations

After the promulgation of the New Trademark Law, in August 2002, the State Council promulgated the "Regulations for the Implementation of the PRC Trademark Law" (hereinafter referred to as "Implementing Regulations").

3.1.3 Departmental Regulations

Under the New Trademark Law and the "Implementation Regulation", in April 12, 2003, "SAIC" issued a "well-known trademark recognition and protection rules", instead of the 1996 "Interim Provisions". And in September 2002, "SAIC" promulgated the new "Rules of Trademark Review and Adjudication". In September 1999, "SAIC" promulgated the "administrative law enforcement on a number of views on the issue". According to article 6 of the provisions, "well-known trademark" in the non-use of such goods is regulated. In March 1999, "SAIC" promulgated the "on the protection of service marks a number of views on the issue". Under the "Customs Protection Regulations",

China's General Administration of Customs promulgated the "Implementation Measures on the protection of intellectual property".

3.1.4 Judicial Interpretation

After the promulgation of the New Trademark Law, Supreme People's Court promulgated the "mark on the trial of civil disputes, the interpretation of the law applicable to a number of issues" (hereinafter referred to as an "Interpretation"), in which the first, second, and the twenty-second Articles deal with the special protection of well-known trademarks. And in April 2009, the Supreme People's Court issued the "Supreme People's Court on the Court, involving the well-known trademark protection in cases of civil disputes in the interpretation of application of the law a number of issues", which is the latest judicial interpretation in China.²⁵

3.1.5 Local laws and regulations, as well as normative documents

In addition to a nationwide special protection for well-known trademark, some provinces and municipalities have their certain well-known trademark protection measures for providing special protection. For example, "Shanghai famous trademark recognition and protection of Provisional Measures" was enacted in 1996 in Shanghai. In 1997, Zhejiang Province published "Zhejiang Famous Brand Identification and Protection Regulations". In 2002, Chongqing Municipality promulgated the "Chongqing's famous trademark recognition and protection Measures". These local laws, regulations, and regulatory documents for a certain area's well-known trademark protection have gone through more specific and effective than the general and extensive protection.

²⁵ See: http://www.chinacourt.org/flwk/show.php?file_id=135184

3.2 How to Make Your Trademark "Well-known" in China?

The 2001 Chinese New Trademark Law does not expressly define well-known trademarks, but it does provide the following relevant factors to be considered in determining whether a trademark is well-known:

- (1) The degree of awareness of the trademark among the relevant public;
- (2) The length of continuous use of the trademark;
- (3) The continuous length, degree and geographical scope of the publicity for the trademark;
- (4) The record of protection of the trademark as a well-known trademark; and
- (5) Any other factors associated with the trademark's reputation.²⁶

In addition to the above, the "SAIC" refers to a well-known trademark as one "that is widely known to the relevant sectors of the public and enjoys a relatively high reputation in China" in its Provisions on the Determination and Protection of Well-Known Trademarks,²⁷ which was devised in accordance with the trademark law. Since the application of the Provisions is limited to administrative agency actions, they are not binding on courts. Being administrative in nature, they could serve as persuasive authority, as it is commonly known in common law jurisdictions.²⁸

The trademark law gives weight to the "reputation of the trademark to the relevant public" as a determining factor; however, a consumer-oriented test is ultimately subjective and "fundamentally vague,"²⁹ in need of more concrete, detailed objective factors as a supplement. Thus, the Well-Known Trademark Determination Provisions

²⁶ See Chinese new trademark law. art. 14.

²⁷ See Provisions on the Determination and Protection of Well-Known Trademarks (promulgated by the St. Admin. for Indus. & Commerce, Apr. 17, 2003, effective June 1, 2003)

²⁸ See Edward E. Lehman et al., Well-Known TradeTrademark Protection in the People's Republic of China—Evolution of the System, page 271 (2003).

²⁹ *Id.* page 272.

provide that a well-known trademark applicant must meet the burden of proof by providing relevant materials, including:

- (1) Documents evidencing the extent of the relevant public's knowledge of the Trademark;
- (2) Documents showing the history of continuous use and the history and scope of registration of the Trademark;
- (3) Documents evincing the extent of advertising in terms of geographic scope, time, methods of advertisement and promotion;
- (4) Protection records of the Trademarks as being well-known both inside and outside of China; and
- (5) Other documents tending to prove the Trademark as well-known, including the amount of sales, gross receipts, gross profit, and regions of sale in the most recent three years.³⁰

Regardless of their merits, these concrete requirements bring forth a certain degree of certainty to potential well-known trademarks applicants.

In general, trademarks can be recognized as well-known through administrative and judicial means in China. Recognition by administrative means refers to recognition made by the "SAIC" and the China Trademark Review and Adjudication Board (hereinafter referred to as the "TRAB") and recognition by judicial means mainly refers to the passive recognition made by the people's court.

3.2.1 Trademark can be recognized as Well-known by Trademark Office of the "SAIC".

In accordance with Recognition and Protection of Well-known Trademarks Provisions, if a party believes that a third party's preliminarily approved and gazette trademark violates

³⁰ See Well-Known Trademark Determination Provisions, *supra* note 11, art. 3.

the Trademark Law, such party may file an opposition with the Trademark Office of the "SAIC"³¹.

In accordance with Trademark Law and its Implementing Regulations and submit relevant materials substantiating that its trademark is well-known; if a party requests protection for its well-known trademark because such party believes that a trademark being used by a third party constitutes a reproduction, an imitation, or a translation of a well-known trademark that has not been registered in China and, it may submit written request to prohibit the use of the trademark and submit relevant materials substantiating that its trademark is well-known to the municipal (district, prefecture) level or higher administration of industry and commerce of the place where such case arises. At the same time, the party shall send a copy of such request and materials to the AIC of provincial level in the place where the party locates. That is to say, Trademark Office of SAIC has the right to recognize a well-known trademark during the trademark opposition and trademark administration.

3.2.2 Trademark can be recognized as Well-known by "TRAB"

Under the Recognition and Protection of Well-known Trademarks Provisions, if a party believes that a third party's registered trademark violates the Trademark Law, it may apply to the TRAB to cancel the registered trademark and submit relevant materials substantiating that its trademark is well-known³². Accordingly, both the Chinese applicants and foreign applicants who have not registered a trademark in China can apply the protection of well-known trademark with TRAB in light of the foresaid provisions.

³¹ See <Recognition and Protection of Well-known Trademarks Provisions>.

³² Id.

3.2.3 Trademark can be recognized as Well-known by the Court

A. Gain the "Well-Known Mark" Recognition by judicial rendition

If a case related to the trademark dispute arises, the parties can apply for recognition of well-known trademarks with the People's court. According to the application of the party, the court shall make a decision whether the trademark is well-known or not under the circumstance of the dispute case and as per the international principle of "passive protection and determination in a case by case basis".

In accordance with Several Issues Concerning the Application of Law to the Trial of Civil Dispute Cases Involving Computer Network Domain Names Interpretation, when trying a Domain Name Dispute Case, the people's court may decide whether a registered trademark involved is well-known or not according to law and based on a party's requests and the facts of the case³³. However, it should be noted that the recognition of well-known trademarks made by the judgment of the court will only have binding force on the single case and have not necessarily influence other cases.

B. The Supreme People's Court Sets Limits on Recognition of Well-Known Trademark

The Supreme People's Court of China promulgated the Interpretation on Hearing Civil Dispute with Respect to a Well-Known Trademark (the "Interpretation") on April 22, 2009,³⁴ which was effective on May 1, 2009. The Interpretation indicates that judicial recognition of well-known trademarks will be strictly examined to prevent companies from deliberately creating trademark disputes as means to boost the profile of their products:

³³ See <Several Issues Concerning the Application of Law to the Trial of Civil Dispute Cases Involving Computer Network Domain Names Interpretation>.

³⁴ See <http://www.chinacourt.org>.

a. Courts will only recognize well-known trademarks when absolutely necessary

According to the Interpretation, recognition of well-known trademarks would be likely made only in the following three types of situations:

(i) The rightful owner of an unregistered trademark sues other parties for using its trademark (or the Chinese translation, or the imitation) in identical or similar goods or service, or the rightful owner of an unregistered trademark is defending itself when another party holding a same or confusingly similar registered trademark claims trademark infringement against such rightful owner;

(ii) The rightful owner of a registered trademark sues other parties for using its trademark (or the Chinese translation, or the imitation) on dissimilar goods or service; and

(iii) The rightful owner of a registered trademark sues other parties for using its trademark (or the Chinese translation, or the imitation) as trade name or company name.

Even in the above three types of cases, the competent courts can only examine whether the claimed marks are well-known when absolutely necessary. In general, the courts consider it an absolutely necessary circumstance only when the well-known status is the single way of determining an infringement.

b. Cross-category protection should not be exaggerated blindly

According to the Interpretation, when the rightful owner of a registered trademark sues other parties for using its trademark on dissimilar goods or service, the court has to consider the relevance between the goods or service of both parties, and to what extent the relevant public purchasing or using the dissimilar goods or services knows the well-known trademark.

Furthermore, the level of protection afforded to a well-known mark shall be in compliance with the distinctiveness and the degree of the well-known status. In other

words, the more distinctive and famous the trademark, the broader the protection will be given in respect to dissimilar goods and services. However, cross-category protection should not be exaggerated blindly in categories that are obviously unrelated.

c. Jurisdiction on the recognition of well-known trademark

Prior to the promulgation of the Interpretation, the “SPC” issued a notice requiring all civil cases involving examination of well-known trademarks shall be heard by the intermediate courts in limited cities. Also, courts must immediately report to the SPC for supervision and recordation once a well-known trademark is recognized and the verdict takes effect. These procedural regulations are expected to push the judges to examine more cautiously the evidence supporting the well-known trademarks.

3.3 China’s Well-known Trademark Protection in the Breakthrough

3.3.1 Well-known trademark recognition breakthrough

First of all, China expanded the scope of well-known trademark. Under the New Trademark Law and the new "well-known trademark recognition and protection of the rule", well-known trademark have no longer need to be a registered trademark. The New Trademark Law explicitly provides for a "not well-known trademark registered in China" protection. Under the article 9 of the New Trademark Law, "well-known trademarks should be taken into account, and also did not take the elements of registration identified as a necessary condition for well-known trademark". In addition, "well-known trademark recognition and protection rules" is also amended.

Second, the right of well-known trademark identification is no longer limited to the "SAIC". According to the provisions of article 5 of "Regulations for the Implementation Trademark Law", "in trademark registration, trademark disputes arising

from the assessment process, the parties that its trademark constitutes a well-known trademark may be appropriate to the Trademark Office or the TRAB”, requested that the well-known trademarks, the Trademark Office, the ”TRAB” under the request of the parties in ascertaining the facts, based on the Trademark Law in accordance with the provisions of Article 9, to determine whether its trademark constitutes a well-known trademark. " The Trademark Office, the ”TRAB” found that the procedure is similar to well-known trademark practice of the courts, that is, after being elected in the controversial dispute settlement process, they should be the request of the parties to be identified.³⁵ This method not only a cost saving way, but also make the issue of well-known trademark recognition more flexible and scientific.

Under the New Trademark Law, the Supreme People's Court issued judicial interpretation of the provisions to regulate the courts to recognize well-known trademark. Prior to this, courts already begun to implement its well-known trademark recognition standards and measures.

3.3.2 The expansion of well-known trademark protection

First of all, special protection for well-known marks is not limited to trademarks, service marks also included. Before the promulgation of the New Trademark Law, article 9 of "Interim Provisions" clearly states that "provisions relating to commodity trademarks shall apply to service marks". These provisions are developed at the time in China's accession to the World Trade Organization, but it has gone beyond the protection scope of "Paris Convention". New Trademark Law provides for the formal Article 4, "this law relating to goods trademarks shall apply to service marks". The Supreme People's Court's "Interpretation" has also affirmed the "relevant goods trademarks shall apply to service marks". This requirement is with our commitments to be compatible to the TRIPs Agreement Obligations.

³⁵ See An Qinghu, *supra* note, page 189.

Secondly, for the protection of well-known marks from the same or similar goods, it is not extended to the same or similar goods in the old version of trademark law in China. But in the New Trademark Law, it clearly provides for the protection of well-known registered trademark in the non-similar goods on the registration and use. The court, as well as "SAIC", has already made some breakthrough in this regard.

The New Trademark Law states that the "no same or similar goods are not applied for registration of the trademark is reproduction, imitation or translation of another person has been registered in China well-known trademark to mislead the public, resulting in the well-known trademark registrant. The interests may be damaged, refuse to register and to prohibit the use of". According to the Supreme Court's "Interpretation", such acts constitute "the covenant and other trademark infringement behavior" of article 51 of New Trademark Law. For the protection of well-known trademark in the non-similar goods or services, China has finally promulgated and implemented the formal legislations, and this is undoubtedly a great breakthrough.

3.4 The Limitations of Well-known Trademark Protection in China

Private rights-holders are uneasy about China's record of well-known trademark protection, to say the least. Many hold the view that China has a relatively weak system of well-known trademark protection that does not provide adequate protection to them.³⁶ This view, irrespective of its merits, is based on the following facts.

3.4.1 Lack of clarity in the legal identification of well-known trademark

³⁶ See Ann M. Wall, Intellectual Property Protection in China: Enforcing Trademark Rights, 17 MARQ. SPORTS L. REV. Page 341,345. (2006)

Before the promulgation of the New Trademark Law, only in the provisions of 1996 "Interim Provisions" extends the protection for the well-known trademark to non-similar goods. However, according to the "Interim Provisions" requirement, well-known trademark must be registered trademark. So the protection of well-known trademark is too narrow. And when the court faced to a foreign "well-known trademark" infringement case, they often pass by the problem of identification of well-known trademark.

After the promulgation of the New Trademark Law, the elements of identification of well-known trademark has been made specific provisions. It clearly defined that non-registered well-known trademark should be protected by law. However, these new rules are relatively simple provisions and still subject to administrative enforcement, as well as the practice of justice for the identification of well-known trademark for the new notes.

In addition, the right to well-known trademark recognition is still lack of clarity. Under requirement of the State Council's "Regulations for the Implementation Trademark Law", the Trademark Office as well as the "TRAB" have the right to identify well-known trademark. According to judicial interpretation of Supreme People's Court, the Court has the right to identify well-known trademarks. However, according to article 6 of "well-known trademark recognition and protection provision", it provides that the local Industry and Commerce Bureau for industrial and commercial administration can be encountered in the process. This means that the local Industry and Commerce Bureau can make a negative identification of well-known trademark. Moreover, the problem may involve the institutions of China Internet Network Information Management Center authorized by the domain name dispute resolution institutions and customs. Of course, both the domain name dispute resolution institutions and customs, in dealing with well-known trademark related cases or disputes, in the end may be entering the judicial process. However, if they entry into force of the final processing results, China has not made any legal requirements of this situation.

3.4.2 Lack of legal clarity in the non-similar goods on the well-known trademark protection

Before the promulgation of the New Trademark Law, in many cases, when the court or the "SAIC" want to provide special protection for the well-known trademark, they only based on the requirements of "Paris Convention".

While article 13 of the New Trademark Law provides, "will be the well-known trademarks and registered trademarks of the use of the same or similar goods in the non-similar to mislead the public, resulting in well-known trademark registered owner's interests could be damaged, refuse to register and prohibit the use".

"Mislead the public" in the end is what the situation. Provided for in the "TRIPs Agreement", "would suggest that the goods or services with the registered trademark owner a link between." This is of course a "misleading". China accessed to the "TRIPs Agreement", and it is one of the members of the party. So China should comply with obligations under the "TRIPs Agreement". For which a "misleading", the national law should be recognized. But the simple phrase "misleading the public" is not limited to the public the link of such a situation, it may contain other situations, for example, even though the public under a clear awareness of, and did not produce this "link", but in the subconscious under the their own well-known trademark for the goodwill of the projection of non-well-known trademark owners who, which also produced misleading. Can the law clearly express this in simple legal language? However, the Trademark Law of this provision is clearly more blurred. This will require further judicial interpretation or administrative authorities' rules and regulations to explain or amend it.

3.4.3 The conflict between well-known trademark and trade name

Trade name is the name in the business of commercial and service activities. It was used to distinguish between the specific names of many enterprises. It has important value. According to China's "company name registration and management regulations", their way of management are at different levels. The registration authorities are at all levels, and they only administrate trade names and trademarks under their own jurisdiction. Thus, there are many different regions and there are many different sectors of the trade names and trademarks. The situation could easily lead to the trade name and trademark disputes.

3.4.4 Problems on Domain Name Dispute Resolution

With regard to domain name dispute resolution in China, there are two ways, one is submitting to the domain name dispute resolution authority to resolve, the other is the judicial settlement. In practice, these two approaches are both highlighted a lot of problems.

The domain name dispute resolution authority settle proceedings under the domain name disputes. The team of experts is often based on whether the disputed trademark is a well-known trademark and if the registration of domain name holder is in bad faith. Inferences from the fact that a well-known trademark domain name holder's subjective bad faith, lack of legal basis (in this case in the Domain Name Dispute Resolution there are no such requirements). The Supreme People's Court in 1999 issued a "civil disputes concerning the interpretation of the trial domain name" which clearly provides that well-known trademark for commercial purposes will be registered as a domain name, but for the trial, this explanation of domain name dispute resolution authority is not legally binding .

Judicial means for resolving domain name disputes, the legal basis, and the key are the Civil Law, the New Trademark Law, Anti-unfair Competition Law, as well as judicial interpretation. Many court cases took place before the Trademark Law, the court identified cyber-squatting behavior as unfair competition behavior. But the New

Trademark Law and its judicial interpretation identified cyber-squatting conduct acts as trademark infringement. Thus, in the short term, the characterization of cyber-squatting behavior will still be very confusing.

In short, China's well-known trademark protection system is mature, but due to the interface at such a circumstance, the old law has not been fully abolished, the new law has not yet perfect, a variety of limitations remained. Therefore, the next task is to gradually improve the set up of new well-known trademark protection system, so that well-known trademark can obtain appropriate and adequate protection.

4 Challenges

China is in the process of building an ever-evolving regime for the protection of well-known trademark. We can see that China presently stands at a historical threshold and faces the challenges in the following aspects.

4.1 "Shadow " Under the "Halo" of Well-known Trademark

As the well-known trademark will bring enormous business opportunities, some enterprises are very enthusiastic about the identification of well-known trademarks.³⁷ There are a lot of enterprises heavily advertised their goods have a "well-known trademark". It seems well-known trademark is a supreme honor, with its products will be worth double. The people also care about "well-known trademark" products. To some extent, the internationally accepted system of well-known trademark, in fact, has been "alienated" in China.

³⁷ See <http://www.hzaic.gov.cn>

The original use of the setting of well-known trademark protection system is in order to prevent improper use or possession of other people's goodwill, free of charge, and to violate the misuse of principles of honesty and credibility to cause confusion and misleading to consumers. It was taken as a remedy. Businesses should do not take well-known trademark as "sacred and absolute, life-long affiliation". Some company lost a well-known trademark because the goodwill no longer existed.

Moreover, with the judicial recognition appeared in public view, many enterprises will take this way. It results in a growing number of well-known trademarks "born" in the judicial proceedings. In some cases, in order to obtain well-known trade mark, the trademark owner designs or manufactures trademark infringement cases.

4.2 The Well-known Trademark Domain Name Disputes

With the rapid development of the internet domain name, the factor of it constantly moving to commercialization. The main factor is the network economy (eyeball economy) ,with its basic principle: click-through rate and the profit margin.³⁸ This is the reason why domain name e-commerce businesses do everything possible to improve their visibility. For traditional enterprises, to access the internet of users of all ages, the most simple and effective way is registering the top-level domain (TLD). com and registering second level domain names under their own trademarks or trade names. The easiest way to use internet to look for goods or services is to direct inputting on the keyboard "trademark or trade names + .com". However, due to the multiplicity of trademark rights (i.e., identical or similar trademarks or trade names may be different goods and services at the same time there), and the uniqueness of domain names, there are more and more domain name and trademark disputes. We can study its root causes: on the one hand, the

³⁸ <http://lw.china-b.com/fxzx>

conflict between the two is due to the technical requirements of the domain name system, and on the other hand, we're lack of effective intellectual property protection system.

The domain name disputes can be divided into three categories in the current situation of China: First, dispute of registering domain name: "that out from another's trademark (commercial signs) in profit, and selling domain names registered in bad faith" behavior. Second, the domain name "dilution" of trademarks, trade names and other commercial signs visibility, reduced the role of commercial signs and the original logo the link between the rights of, or derogate the rights of the business logo and a reputation. Third, the rights protection of trademark owner in domain name disputes.

For the first type of dispute, the common practice is in favor of the trade mark right holders. The second type of case, it is necessary to determine the specific circumstances. The third case, there are three solutions:

- 1, register earlier.
- 2, technical methods, for example, the portal page.
- 3, deny the statement, that is, domain name registration web pages claim that their domain name which used in a country or a particular class of goods or services unrelated to the trademark.

4.3 Well-known Trademark Dilution Protection

The legal concept of dilution in trademark rights protection remains its infancy in China. As debates swirl around whether and when China should adopt anti-dilution laws, trademark scholars, administrators, and practitioners in China look elsewhere, especially the United States, for answers responsive and relevant to China's situation.³⁹ The

³⁹ Jing "Brad" Luo & Professor Shubha Ghosh "Protection and Enforcement of Well-known Mark Rights in China", Page 49.

following section discusses the profile and a few ideas for China's well-known trademark dilution protection system.

4.3.1 Profile of Well-known Trademark Dilution Protection

1 The subject of protection

In America, according to the "Federal Trademark Dilution Act"⁴⁰ and "Trademark Dilution Revision Act", for dilution protection, "the mark is a registered trademark of the federal" and "only strong Trademarks need apply". It specifies that dilution protection is available only to "famous" trademarks, as a mark to determine whether the well-known factors to consider. Some scholars believe that, "This is essential for well-known trademark owners to supervise the registration of trademarks.

2 Considerations to determine whether a trademark is well-known:

- (1) use the trademark of the goods or services of potential consumers;
- (2) use the trade mark goods or services, trading channels;
- (3) the trademark use of time, extent and geographical scope;
- (4) use of the trademark claim the enjoyment of the goods or services in the territory and its well-known trademark protection in the field of market share.

3 Dilute the definition of behavior

"Dilution" means the difference between well-known trademarks for goods or services, the ability to weaken, regardless of:

⁴⁰ See 1995 <Federal Trademark Dilution Act>.

(1) well-known mark owners and whether the competitive relationship between desalination.

(2) whether the confusion, mistake or the possibility of unfair competition. The following acts of the use of well-known trademark does not constitute a "dilution":

(a) in the comparative commercial advertising in the fair application of the purpose is only to deliver their goods and well-known trademark to distinguish the goods of the mark.

(b) non-commercial use.

(c) various forms of news reports have commented.

4 Relief

(1) well-known trademark owner may request the court to issue injunction to prohibite dilute behavior;

(2) If that person is deliberately play down the use of well-known trademark dilute the goodwill and the implementation of behavior, he should bear the responsibility of relevant civil rights.

5 Withdraw the registration process with the use of the prohibition

(1) Where a mark or other commercial tag registered as trademark conflicts with the well-known trademark, well-known trademark owner shall have the right at any time to request the Office or the court in accordance with its decision to undo herein registration;

(2) Where the office or the court in conformity with its mandate to withdraw a registration of trademarks or other commercial mark.

(3) Where a trade mark or other commercial tags in conflicts with the well-known trademark, well-known trademark owner shall have the right at any time upon request, asking the court to prohibit such use.

4.3.2 A few ideas of China's Well-known Trademark Dilution protection system

From the institutional level, well-known trademark protection as a kind of trademark protection "method" exists in the trademark protection regime. It does not belong to the narrow sense of the "Trademark Law" category, but belongs to the Anti-Unfair Competition Law system.⁴¹ The aim is when well-known trademark rights violated by undesirable people, the well-known trademark owner can enjoy the legal rights beyond the "Trademark Law" for special protection. Therefore, the "well-known trademark" protection system should be the special law outof the system of "Trademark Law", which in the United States, "Trademark Dilution Act" be reflected.

On August 14, 1996, "SAIC" issued " Interim Provisions". China's well-known trademark protection are only in its infancy. From the legislative level, that it is only administrative regulations, and is "identified with the management" as its basic core, rather than the "protection method". Therefore, I believe that at least the following aspects should be done to improve the conservation status of China's well-known trademarks:

1 Improve the legislation

Improve the well-known trademark dilution protection legislation is urgently needed. From the legislative technical point of view, China can at least amend "Anti-Unfair Competition Law" to add a separate system "well-known trademark dilution protection", as well a single independent one. Then, issue the "Trademark Dilution Protection Act" as

⁴¹ See He xin "Dispute Resolution in China: Patterns, Causes, and Prognosis".(Falv express,2008) page 211.

the economic laws in components. In short, go beyond the existing "Trademark Law", and let well-known trademark protection to be higher than the common law protection.

2 Improve the administration of justice

First, we must clear that the judiciary well-known trademarks in China's market economy is in an important position, recognizing well-known trademark by the tremendous value and strengthening the well-known marks dilution protection awareness. Secondly, improve the judicial officers of the judicial technology under the existing laws and regulations. Pay particular attention to the "Anti-Unfair Competition Law" and "Criminal Law" and a combination of principles and increase well-known trademark dilution protection efforts.

3 Strict administrations

In the well-known trademark dilution protection, restrict on trademark to declare the scope of the qualification and reporting, saving limited resources. At the same time, increase the well-known trademark protection, and strive to eliminate all the same, similar to the trademark registration system. Industrial and commercial authority is the main body of trademark regulatory actions. Fines are the basic administrative measures.⁴² The authorities should increase fines or do other efforts to form a strong backing to run the system. Of course, get rid of local protectionism is also very critical.

4 Unifying the standards in determining well-known trademark

Now, varying standards have led to forum-shopping by the trademark owners in order to obtain well-known trademark protection and status for their trademarks. The policymakers must improve the procedural of determining well-known trademark.

⁴² See Ruixue Ran, *supra* note, 341.

5 Strengthen awareness

Judicial remedies, administrative arbitration are the last resort of all the market's behavior, which accrue common and frequent. Therefore, the market actors must strengthen their awareness of right protection, fair competition. In particular, a trademark sense of awareness is the most important thing.

5 Comparative Overview of Well-known Trademark Protection in the USA, the Europe and the Asia

5.1 The USA

In the USA, enhanced protection for well-known trademark has been provided under the Federal Trademark Dilution Act of 1995.⁴³ In order to obtain protection, the owner of a famous mark must show that:

- (1) the mark is famous;
- (2) the defendant is making a commercial use of the mark in commerce;
- (3) the defendant's use began after the mark became famous; and
- (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.⁴⁴

While offering no exact definition of what should be considered "famous", the Act lists a certain number of criteria courts should use as a guideline:

⁴³ 15 U.S.C. 1125 (c), codified as Sec. 43 (c) Lanham Act.

⁴⁴ See a case of domain name grabbing: *Panavision International v. Toeppen*, 141 F. 3d. 1316, 1324 (9th Cir. 1998).

- (1) the duration and extent of use of the mark;
- (2) the duration and extent of advertising for the mark;
- (3) the geographical area in which the mark has been used;
- (4) the distinctiveness of the mark;
- (5) the degree of recognition;
- (6) the distribution and marketing methods;
- (7) the use of the mark by third parties; and
- (8) the fact of federal registration.

The geographical limits of protection would thus be determined by the extent of use within the USA (either locally or nationally), the protection against use for different goods or services would hinge on the degree of recognition also in non-competing fields.

Protection is afforded against the famous mark losing its ability to serve as a unique identifier of a product, against the improper association with inferior or offensive products, and against lessening the capacity to identify and distinguish goods.⁴⁵

5.2 The Europe

European trademark law has been significantly transformed by the European Trademark Directive 1989.⁴⁶ According to Article 4 (1) (b) of Trademark Directive, the trademark owner has an absolute right over the use of identical marks for goods or services identical with the registered ones. The trademark owner has a further right to object to the use of identical or similar marks for identical or similar goods insofar as such use would lead to confusion, including confusion by association. The concept of confusion by association, while broadening the scope of protection, does not deviate from the concept of confusion as such, as has now been confirmed by the European Court of Justice.

⁴⁵ See the decision in the case of *Panavision International v. Toeppen*.

⁴⁶ Directive 89/104/EC of 21 December 1988, OJ L 40/1, 11 February 1989.

As an optional provision adopted by all member states, rights of the trademark owner under article 5(2) also extend to the use of an identical or similar mark for dissimilar goods in cases where the mark has a reputation in the member state where protection is sought and the use of the mark would unduly exploit the mark's reputation or dilute the distinctive character of the mark. Most member states have adopted the above provision, e.g. section 10 (3) of the UK Trademarks Act 1994 (in force since 31 October 1994) which prohibits the use in the course of the trade of an identical or similar mark in relation to goods or services not similar to those for which the trademark is registered, where the trademark has a reputation in the United Kingdom and the use of the sign without due cause, takes unfair advantage of, or is detrimental to the distinctive character or repute of the trademark.

The new German Trademark Law of 1994 (Markengesetz, in force since 1 January 1995) goes even further in protecting not only registered marks, but also unregistered marks that have obtained recognition among the relevant circles in trade (article 4 (2)). Apart from that, protection of well-known trademark under article 14(2)(3) is virtually the same as the corresponding provision of section 10(3) of the UK Trademarks Act 1994. Thereby, the new German Trademark Law has now completely replaced the principles for protecting the well-known trademark which are developed under the unfair competition law.

Even in France, where the courts have been extremely reluctant to grant protection outside the narrowly defined scope of confusion, the position has changed. Article 5(2) of the Trademark Directive has been implemented in French Law.

A question that has not yet been solved in the European context is the exact definition of "marks having a reputation". It appears safe to say that the "reputation" of a trademark means its independent attractiveness which can also be described

as "advertising value". Thus it is a criterion referring to a certain quality of the trademark other than to quantity.⁴⁷

5.3 The Asia

Traditionally, the Asian countries have been divided by language, religion and the legacy of different colonial powers. In a sociological context, one could divide Asia between the "Mandarin" countries, and the rest. Japan, Korea, China, Singapore and Vietnam are countries that in the good Chinese tradition have bred well-educated bureaucrats who have tried to steer economic development and legal systems. In these countries one can expect a competent handling of trademark filings by the responsible authorities. On the other hand, faith in the administration has not helped the development of a strong and independent judiciary.

Intellectual property systems are a relatively new feature of most Asian legal Systems. While the countries influenced by common law tradition until a couple of years ago relied on an extension system for registered rights and applied the principles of passing-off to unregistered ones, no adequate structures for protection could be found in Indonesia, Vietnam, Thailand and the Philippines. Communist countries such as Vietnam and China found it difficult to embrace a concept of individual, private rights, while countries such as Japan, Korea were hesitant to have intellectual property rights interfere with their industrial policies, in particular in fields heavily dominated by foreigners, e.g. high technology.

Granting protection to well-known trademark and preventing trademark piracy faced difficulties in Asia. For one, until recently almost no country provided adequate structures for preventing unfair competition. Legal structures were absent, and so was the notion as such. Consumer protection was not an issue in countries which fostered

⁴⁷ See A. Kur., Well-known Marks, Highly-renown Marks and Marks Having a (High) Reputation.(1992), page 226.

economic growth at all costs, and protection against passing-off is not as important in dynamic and fast-growing markets as in settled ones. Furthermore, many western companies only belatedly recognized the potential of Asian market and thought about registering their marks in different Asian jurisdictions. Often, Asian competitors or trademark traffickers have been ahead of them. This complacency of course didn't help the cause of protecting foreign well-known trademarks which in many cases were indeed not particularly known in Asia.

Only belatedly, and in the aftermath of the TRIPs Agreement, has this situation changed in recent years. Increasingly, avoiding trade frictions also seems to become an argument the courts appear willing to listen to.

6 China's Well-Known Trademark Protection in Case Law

The people's courts in China are playing an important role in IPR protection and enforcement. As required by the "TRIPs Agreement", member countries must make transparent their laws, regulations, final administrative and judicial decisions.⁴⁸ The following chart⁴⁹ demonstrates the judicial enforcement scene in China:

Types of Cases	Accepted by people's courts	Annual growth rate	Disposed of by people's courts	Annual growth rate
2001-2007				
Trademark	11,598	No data	10743	No data
Patent	18,521	No data	17,764	No data
Copyright	28,776	No data	28,170	No data

⁴⁸ See Kate Colpitts Hunter, Here There Be Pirates: How China Is Meeting Its IP Enforcement Obligations Under TRIPs. Page 541.

⁴⁹ Jiang Zhepei, the Organization, Function and Powers of the people's Courts, page 143.

Unfair Competition	7,934	No data	7,832	No data
Technology Contracts	6,277	No data	5,516	No data
Foreign party involved	No data	No data	1,634	57.95%
<i>Total</i>	<i>77,463</i>	<i>22.60%</i>	<i>74,200</i>	<i>22.92%</i>

This section examines two recent cases, decided by the people's court of China.

6.1 Hainan Asia Pharmaceutical Co. Ltd. "Crack" v. Yuanjianjun "Crack"

【Case Abstract】⁵⁰

Plaintiff: Hainan Asia Pharmaceutical Co., Ltd.

Defendant: Yuanjianjun

The plaintiff claimed that: the plaintiff was established in January 7th, 1992 and the plaintiff began the production of a cold capsule to use "crack" trademark. And on 10th, August in the same year, the plaintiff get "crack" trademark registered under the Category 5 of "The new quick cold capsule" of the "Registration of Marks International Classification of Goods and Services". Up to now, the plaintiff's use trademark of "crack" for sustainable 12 years. Since 1997, the plaintiff spent huge sums of money through television, radio, newspapers, outdoor advertising, internet and other media to advertise "crack" brand. Because the plaintiff's "crack" brand's promotion lasted longer, covering a wide range of information, coupled with "crack" anti-cold capsules' significant effect, "crack" and the relevant trademark are soon known to the public. In the year 2003, "crack" trademark has been recognized as famous brand in Hainan. According to article 14 of "Trademark Law", "crack" trademark is the well-known trademark.

⁵⁰ <http://www.unitalenlaw.com/studies/detail.asp?id=154&iClassID=4>

In December, 2004, the plaintiff found the defendant use the trademark of "crack" without the plaintiff permission, in its sale of "toilet paper", so the defendant's conduct violated the legitimate rights and interests of well-known trademarks of the plaintiff "crack " trademark.

The defendant argued that: the plaintiff is a pharmaceutical production company, their "crack" trademark registered for use only in the drug department. The defendant use the "crack" trademark for production and sale of toilet paper. Because toilet paper and medicine do not belong to the same goods, and toilet paper sales in supermarkets and other places, medicines sold in pharmacies. So the defendant did not violate the plaintiff's trademark, they request dismissed the plaintiff's claim.

【Court】

On 24th February, 2005, the Haikou Intermediate People's Court stated that: the plaintiff registered "crack" trademark, within the approved range of goods, and enjoy the exclusive right to use the trademark in accordance with law. The plaintiff registered "crack" trademark that had not been assessed as well-known trademark by "SAIC", but the plaintiff had used "crack" trademark as its product identification for 13 years, and the plaintiff obtained "crack" as Hainan famous trademark after efforts from 1997 to 2002, for investing a huge advertising costs on television, newspapers and other media. Ranging from national advertising, coupled with "crack" under the trademark of drugs has a good reputation and efficacy, it earned "2001 Hainan brand consumer satisfaction", "brand-name products in Hainan Province in 2002", "quality of trust in Hainan Province drugs" as honor. So the plaintiff's "crack" trademark in line with the conditions mentioned above should be identified as well-known trademark. The defendant use the plaintiff's "crack" trademark in its production and sale of toilet paper. This "free rider" behavior is not only related to mislead the public, but also diluted the well-known

trademark of "crack". So verdict: The defendant immediately stops its production and sale of toilet paper on the use of "crack" trademark.⁵¹

【Analysis of this case】

This case, the plaintiff and the defendant focused on the controversy of the defendant's infringement of the plaintiff's "Crack" well-known trademark. As everyone knows, the scope of the right to use registered trademarks is the approved goods. But for well-known trademark, the law gives special protection, namely, the protection of well-known trademark across categories. In other word, the scope of protection of well-known trademarks from the same or similar goods, services, restrictions, can be extended to not the same, not similar goods, services.

And in this case, the court use the anti-dilution protection to the "Crack" trademark. Violation of the legitimate rights and interests of well-known trademark concerning trademark dilution should have the following elements in China,

1 Whether the trademark requested for protection is widely known to the public, and whether it is a well-known trademark

As noted above, trademark dilution is a concept closely linked to well-known trademark, so examine whether trademark dilution system is applicable for trademark protection is sought to determine whether the trademark is a well-known trademark. Article 2 of "Well-known trademark recognition and protection of the provisions" provides that the well-known trademarks in China is the trademark which is widely known for the relevant public and enjoy a high reputation. On how to identify well-known trademarks, according to article 14 of the new "Trademark Law", found that well-known trademark should have the following factors:

⁵¹ See: <http://www.chinacourt.org>.

- (a) related to the degree of public awareness of the trademark;
- (b) the the duration of use of the mark;
- (c) the trade mark in any publicity the duration, extent and geographical scope;
- (d) of the trademark as a well-known trademark protected records;
- (e) the well-known trademark other factors.

According to article 3 of "well-known trademark recognition and protection of the provisions", provides that well-known trademarks should be taken into account in the following situation:

- (a) to prove that the relevant level of public awareness of the trademarks related materials;
- (b) to prove that the trademark duration of relevant material, including the use of the mark , registration history and scope of relevant material;
- (c) to prove that any publicity of the mark the duration, extent and geographical scope of the relevant material, including advertising and promotional activities, the way, geographical coverage, types of propaganda media and advertising put in the amount of other related materials;
- (d) to prove that the trademark as a well-known trademark protected records relevant material, including the trade mark in China or other countries and regions as a well-known trademark protection of the relevant material;
- (e) to prove that well-known in the trade mark other evidentiary material, including the use of the mark nearly three years of production of major commodities, sales, sales revenue, profits and taxes, sales of regional and other relevant materials.

These various factors should be considered by the authorities to determine whether a trademark is well-known trademark, but not in every case. According to the actual situation, the competent authority has the right to choose the right person to prove the requirements of the above elements. Another point to note is that the regional issues of

well-known trademark. The well-known trademark is the trademark which is well-known in China, not in other countries.

2 Trademark and the trademark charged with infringement constitute a similar

This so-called trademark approximation, is such two trademarks have the approximation of its text from the shape, pronunciation, meaning, or graphics of the composition and color, or combination of various elements of its overall structure similar to the post, or their three-dimensional shape, color combinations approximation, and this approximation is sufficient to mislead the public.

3 Trademark and the trademark charged with infringement's instruction of goods or services are not identical or not similar

If the goods or services are identical or similar, the charge should belong to a typical trademark infringement violation. According to article 52 of new "Trademark Law", article 50 of "Implementation of the Trademark Ordinance", and article 1 of "Supreme People's Court on the trial of civil disputes in cases of trademark law applicable to the interpretation of a number of issues", the dispute can be resolved. The verdict should base on whether the charged trademark caused "confusion misidentification" as the criterion. But when well-known trademark is used by non-rights holders on not the same or similar goods, obviously, the "confused misconception" criterion can not solve these issues. Only with the system of "well-known trademark dilution", the well-known trademark does not eliminate the risk of being diluted.

As in the case, the defendant use the well-known trademark "crack" on "toilet paper" goods, and in fact the well-known trademark "crack" was registered for the 5th category "drugs". If we base on the traditional criterion of trademark infringement, the defendant's act should be identified as infringing. However, the defendant's conduct objectively abuse the rights of the plaintiff's well-known trademark and it's a "free ride" behavior. If the

plaintiff let the defendant to abuse well-known trademark right, then as time past, the plaintiff's "crack" trademark for the function of identifying origin of the goods will be weakened or even disappear. Then, the plaintiff's "crack" well-known trademark will not have any commercial value. Trademark Dilution system functions precisely prevent the above circumstance from happening, resulting in the full protection of the rights of people who spend honest labor and access to material benefits and social identity.

6.2 "Tide" and "Safeguard" Case

【Case Abstract】

Plaintiff: United States Procter & Gamble Company

Defendant 1: Beijing Heaven and Earth Electronics Group

Defendant 2: Shanghai Morning Hyun Intelligent Technology Development Co., Ltd.
(hereinafter referred to as "Morning-Hyun Company")

United States Procter & Gamble is the right holder of "Tide" and "Safeguard" trademarks. But the two companies in China have registered "Tide" and "Safeguard" as the domain name.⁵²

Case 1: March 22, 2000, the United States Procter & Gamble went to the Beijing First Intermediate People's Court to prosecute Beijing Heaven and Earth Electronics Group, saying that "Heaven and Earth" use "tide.com.cn" as his company's domain name and the domain name violates its trademark, and constituted unfair competition.

Procter & Gamble, the plaintiff alleges that the company was allowed to register the trademark "Tide" in China, and enjoy the exclusive right to use the trade mark. Their company registered 370 "Tide" and its graphic mark as an international well-known

⁵² http://www.angelaw.com/weblaw/domain_cases.htm

brand in more than 160 countries and regions in the world. When the company wishes to register "Tide" for its domain name in China from the China Internet Network Information Center, they found that Beijing Heaven and Earth Electronics Group first registered the domain name "www.tide.com.cn" . So that the plaintiff's network media companies can not make use of its trademark to create business opportunities, reducing the "Tide" brand advertising value, leading to consumer confusion and weakened the "Tide" mark on the network performance and the ability to distinguish goods. The defendant's registration of "Tide" as domain name damaged the Procter & Gamble Company's legitimate interests. The plaintiff conducted negotiations with the defendant on the domain name registration, and the defendant asked 700,000 RMB to transfer this domain name.

The defendant argued that first of all, the company takes "TIDE" as English name since 1994. But because the company does not attach importance to the English name, they didn't register the trademark of "TIDE". Secondly, who register the domain name "TIDE" first who will get the right, so the defendant was not in violation of the Department. In addition, the domain name "www.tide.com.cn" has been frequently used to introduce heaven and earth Group and its products, so there is non-malicious cyber-squatting domain name. Thus, the defendant's conduct did not constitute infringement.

Case 2: in February 2000, Procter & Gamble Company to Shanghai Intermediate People's Court prosecution, sued the morning-hyun company registered "Safeguard.com.cn" as domain name. It's a trademark infringement to Procter & Gamble Company. So they asked the court to sentence the defendant to stop using and to revoke the domain name.

The defendant morning Hyun Company engaged in the construction of facilities and living quarters intelligent security system's development and construction. It is in his reply said: We simply do not know the "Safeguard" is a safeguard, and the "Safeguard" the meaning and the Morning-Hyun's product line can not be said to be malicious cyber-squatting. P & G's product points to household cleaning products commodities. The

Morning-Hyun is to plot the company's product security system, regardless of where in comparison, both of which are entirely unrelated matters. In accordance with international practice, domain name registration to first apply, first registered the principle of registration, so there is no Morning-Hyun's behavior inappropriate.

【Court】

For “Tide” case, on November 21st, 2000, the Beijing First Intermediate People's Court verdict that the defendant has violated the plaintiff’s exclusive right to use the registered trademark and this behavior constitutes unfair competition.

For “Safeguard” case, in May 2000, the Shanghai Second Intermediate People's Court verdict: the defendant Shanghai Morning-Hyun Intelligent Technology Development Co., Ltd.’s registered "safeguard.com.cn" is an invalid domain name and the defendant should immediately stop using.⁵³

【Analysis of this case】

The case involved the jurisdiction of well-known trademarks on the internet issues such as legal protection, in the cases of cyber-squatting in the representative. The focus of controversy is that both parties, the plaintiff that its "Tide" and "Safeguard" trademark has become well-known trademarks, approved the use of commodities as "soap, lotion and polishing agents such as household cleaning products," while two defendants registered domain names "Tide" and "Safeguard" by means of unfair competition or trademark infringement of the Procter & Gamble Company. The defendant argued that well-known trademark are not by the court to define, and the "Tide" and "Safeguard" as the executive branch have never been recognized as well-known trademark. The defendant's product involved in the field of electronic information, and residential

⁵³ See: <http://www.chinacourt.org>.

security systems, while the plaintiff's product involves washing and other supplies, so the two are unrelated goods. Therefore, there is no issue of unfair competition and trademark infringement.

There are some issues to analyze based on the above case.

1. Whether the court have jurisdiction to determine well-known trademarks in China?

Dealing with well-known trademark infringement cases, the first premise is to determine whether the trademark is well-known trademark. Only after to find that the trademark is well-known trademark, we can apply the provisions of special protection for well-known marks.⁵⁴ Therefore, the case of the first focus is whether the court have jurisdiction to determine well-known trademarks.

On August 14, 1996, the "SAIC" issued "well-known trademark recognition and management of the Interim Provisions," Article 3 provides that: "the State Administration Trademark Office for Trade and Industry is responsible for well-known trademark identification and management. By any organization and individuals shall not conclude or take other disguised means well-known trademarks recognized. "So you can see from this provision, the State Administration Trademark Office for Trade and Industry has found that well-known trademark rights, and provides any other organization or individual shall have the power. Does this exclude the jurisdiction? The answer is no.

This case, the judge first determine "Tide" and "Safeguard" trademark "enjoy a high reputation in the market for the relevant public known registered trademark", that is well-known trademark, and thereby to determine the existence of trademark infringement as a prerequisite for nature of the fact that in the absence of law expressly provides that the court have no jurisdiction over the matter, and did not explicitly refer the matter to the

⁵⁴ See Zheng Chengsi, The TRIPs Agreement and Intellectual Property Protection in China. Renminfayuan Express. Page 211.

exclusive inclusion of areas under the administrative jurisdiction, but the court may still exercise its civil jurisdiction.

The judge hearing the case stated in the verdict: "trademark belongs to the scope of civil property rights, well-known trademark identification and protection of a part belonging to the scope of, and for disputes arising out of civil property rights, people's courts have jurisdiction. On the other hand, as to whether well-known trademark is a kind of objective existence of the well-known trademark is essentially the identification confirmation of the objective facts, so people's right to a trademark case involving a determination is made whether the well-known trademark. And therefore the defendant on 'Tide' trademark does not determined by the administrative procedure, not a well-known trademark claims has no legal basis. " The judge upheld the verdict in the Court to recognize the right of well-known trademark. It seems to deny the right of Commerce and Industry Bureau identified, but the judge is only from the positive affirmation of the present case. The court includes the traditional jurisdiction of the well-known trademark recognition of the right. There is no clear conclusion that the relevant provisions of the "SAIC" and the Civil Law, Civil Procedure Law have the same spirit.⁵⁵ In addition, from a legal interpretation of view, judicial and executive power are in the conflict, and the executive authorities have no right to exclude judicial power. Therefore, for the executive authorities appear to rules which are out the provisions of the Court's jurisdiction, it should be understood this is only bound by the provisions of the executive administrative operation of the specification, rather than binding the court of statutory powers. Therefore, the "SAIC"'s "well-known trademark recognition and management of temporary provision" provides that "the State Administration Trademark Office for Trade and Industry is responsible for well-known trademark identification and management. No organization or individual shall not be recognized or identified to take other means well-known trademark in disguise", and this does not affect the exercise of the jurisdiction of the court tradition.

⁵⁵ Peter K. Yu, *From Parates to Partners: Protecting Intellectual Property in China in the 21st Century*. Page 131.(2000)

2. Can a virtual well-known trademark be protected on the internet in China?

"Paris Convention" establishes the right to implement well-known trademark. It is stronger than the ordinary principles of trademark protection. Accordingly, on September 29th, 1999, the members of the Paris Convention and the WIPO adopted a joint resolution⁵⁶, clearly state that protecting well-known trademark owner's interests on the Internet. "well-known trademarks should be subject to trademark general protection, a higher level on the basis of the special protection or expansion of protection, such protection should be understood as the object of protection extended to the well-known trademark with the specified goods or services are not similar to the goods or services. As the well-known trademark has a very high commercial value, even in the non-similar goods or services to use can also cause consumer confusion caused by mistake, therefore, to prohibit any form of unauthorized make commercial use of well-known trademark is to protect the essence of well-known trademark. "

Meanwhile, the "Paris Convention" has established special protection for well-known trademark. In the "1995 Sino-US intellectual property rights on the petition for filing the report of the letter and its annex", "well-known trademark recognition and management of the Interim Provisions" and other documents are reflected. Therefore, the protection of well-known trademark belongs to an exceptional protection. For the interpretation of the provisions of such exceptional protection should be based on expanding the scope of protection, reflecting the spirit of protection which is different from the ordinary. In particular, conditionally expanded its range of special protection for well-known trademark, that is special protection under the Paris Convention by the same or similar range of goods, extended to non-similar goods and services. But this expansion is strict conditions, that is, goods or services in a cross- category use, it will suggest that a link of the goods or services with the registered trademark;⁵⁷ second, can cause damage, that would create confusion because of a loss to registered trademark owners. In these two

⁵⁶ WIPO, Joint Resolution Concerning Provisions on the Protection of Well-known Trademarks, WIPO Doc..

⁵⁷ See Weiqiu Long, *supra* note, page 131.

constraints, the former is a necessary condition, which is the sufficient condition, the two are indispensable. Restrictions on the availability of these two conditions, allowing the special protection of well-known marks extended to the "cross-category of goods or services."

In the present case, Procter & Gamble Company was allowed to register the "Tide" trademark in China, and enjoy the exclusive right to use the trademark. And it registered 370 "Tide" and its graphic marks in more than 160 countries and regions in the world. So the "Tide" is well-known trademark belonging to P&G company. In the same, "Safeguard" is also a well-known trademark. Whether it is based, "Paris Convention" or according to China's relevant administrative regulations and departmental rules, "Tide" is an internationally renowned brand. Therefore, for the "Tide" and "Safeguard" trademark, the exception should apply the principle which the protection will be extended to protect the interests of the trademark rights to the internet field. Defendants had registered the domain name pre-empt "www.tide.com.cn" and "www.safeguard.com.cn". Although the defendant's product involved in electronic information field and residential security systems, while the plaintiff The product involves washing products, the two sectors is irrelevant. But the two acts of the defendant forced P & G network media companies can not make use of its trademark to create business opportunities, reducing the value of brand advertising of "Tide" and "Safeguard", resulting in consumer confusion and weakened the "Tide" and "Safeguard" trademark on the network performance and the ability to distinguish product undermines the legitimate rights and interests of Procter & Gamble. Therefore, the defendant's conduct not only violates a registered trademark of the exclusive right to use, but also constitute unfair competition. The Court's decision is in line with international conventions and practices, while also in line with China's basic legal spirit and principles of law.

7 Recommendations and Countermeasures

The institutional structure for well-known trademark protection is not adequate to protect well-known trademark owner's rights in China. China should adopt some countermeasures to form a better well-known trademark protection system which may based on China's local conditions, economic, political and legislative backgrounds.⁵⁸

7.1 Proposed the Establishment of a Special Law to Protect Well-known Trademarks

Anti-dilution protection is highly effective means to protect the well-known trademark, and the anti-dilution system is a kind of international trends.⁵⁹ So China can learn from the 1995 Federal Anti-Dilution Act of United States, and a number of WIPO's rules to develop China's anti-dilution protection law as soon as possible and change the behavior of dilute.

7.2 Clear Definition of Well-known Trademark

New Trademark Law provides for the protection of well-known trademarks, and how to identify the provisions of principle of well-known trademarks. However, no further refinement for selection of specific operational criteria, this will make the selection process of well-known trademark rather difficult. It should be "well-known," and "famous" and other words to quantify the unity, in order to avoid the language differences accruing in the period of interpretation and understanding.

⁵⁸ Minisry of Commerce, China's Action Plan on IPR protection 2007, (Apr. 24,2007).

⁵⁹ Edward E. Lehman et al., Well-known Trademark Protection in the People's Republic of China-Evolution of the system, page 154.

7.3 Clear Identification of Institution for Recognition of Well-known Trademark

Under the State Council's "Regulations for the Implementation Trademark Law" requirement, the State Administration Trademark Office for Trade and Industry as well as the Trademark Review and Adjudication Committee have the right to identify well-known trademarks⁶⁰, and according to the Supreme Court's judicial interpretation, the court has the right to identify well-known trademarks. Moreover, according to "well-known trademark recognition and protection of the rule", the local Industry and Commerce Bureau have the right. This makes confusion of identification of the well-known trademark. Scholars also contend that people's courts must scrutinize the purpose of well-known trademark litigations and evidence proffered in support of trademark under dispute. And it has also been suggested that jurisdiction over the determination of well-known trademarks should be more centralized into courts versed in IP matters.

7.4 To Strengthen the Protection of Well-known Trademarks on the Network

With the rapid development and wide application of internet, more and more enterprises register domain names through the internet or create their own web site, home page, to sell or promote their goods or services. The organization's domain name has the same economic value as trademark or trade name. But, a small number of enterprises register or use other company's well-known trademarks as their domain name. In the United States, an operator will register many well-known company's name or well-known trademarks as domain name, and he does not use. The purpose is to extort the trademark owner. Subsequently, the court under the federal trademark protection law, finds that the defendant's conduct constituted a significant well-known trademark abuse and then withdraw the domain name. China's Trademark Law shall also extend this special protection to the network trademark protection.

⁶⁰ See <Regulations for the Implementation Trademark Law>.

7.5 Establish a Joint Trademark and Defensive Trademark System

United Brands generally refers to the trademark owner registered a number of similar trademarks in the same class the same or similar goods. The first major use of registered trademark is the main trademark, and the rest are associated marks. A defensive trademark system contains a number of identical marks of various categories of goods or services, the original trademark is key-based trademark and the rest are registered as defensive trademark. So far, China has not yet set up a joint trademark and defensive trademark registration regime.⁶¹ While the TRIPs Agreement have extended the protection of the well-known trademark to non-similar goods and services, but I consider it necessary to re-establish a joint trademark and defensive trademark regime. In China's trademark law; there are no provisions of joint trademark and defensive trademark registration. Therefore, the establishment of joint trademark and defensive trademark protection system of well-known trademarks is imminent.

7.6 Increase Legal Enforcement to Protect Well-known Trademark

In recent years, China has increasing number of well-known trademark infringement cases which directly damage the legitimate rights and interests of well-known trademark owners. China recognized that the protection is not only to protect the intangible assets of enterprises, but also to protect the country's wealth and business reputation. Therefore, according to the law of the well-known trademark protection, trademark administration authority must increase legal enforcement on the protection of well-known trademark.

⁶¹ Charles L. Miller, A Cultural and Historical Perspective to Trademark Law Enforcement in China, page 93.

8 CONCLUSION

China has a long history of recorded Chinese trademark since 2698 B.C., but well-known trademark protection was not on the legislative agenda until the accession to "Paris Convention" in 1985. From the late 1970s till now, the Chinese trademark law and other laws, administrative rules, regulations and judicial interpretations have experienced dramatic changes as China become a global economic powerhouse. Now, China stands at a historical threshold and faces a lot of challenges on the protection of well-known trademark in many aspects. In fact, China's domestic environment necessitates amending the current structure of well-known trademark protection system to benefit to both Chinese and foreign rights-holders. Moreover, the time is ripe for adopting anti-dilution provisions to afford greater protection to truly well-known trademarks.

As China continues its own search for the "rule of law"⁶² and as it strives to build a "socialist market economy"⁶³, amending the current trademark law and the entire trademark protection system is unavoidable.

⁶² Official report in the 17th Annual Communist Party Meeting that "the rule of law is a basic requirement for socialist democracy."

⁶³ See Yu, *supra* note, 64, page 914-915.

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